

# THE ROLE OF TOURISM MARKETING IN THE STRATEGIC DEVELOPMENT OF THE TOWN OF ROVANIEMI

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## *Abstract:*

*In a small town from Lapland, near the Arctic Circle, lives the most beloved character that each of the children, smaller or larger, is waiting for him to bring gifts on the 25<sup>th</sup> of December. Santa Clause has set up his headquarters in Rovaniemi, in the north of Finland, the country's most northern point that can be reached by train. It is the capital of the Lapland Province and of the Rovaniemi region. Annually, Rovaniemi is visited by approximately 500.000 tourists; the city is not only the gate to Lapland, but also one of the top tourism destinations in the Arctic Circle area. Because of its weak provincial economy based mainly on the exploitation of natural resources (forest, agricultural and hydropower), the economic and social vitality of the Rovaniemi Province is linked to tourism more than any other region in Finland. These represent the results of the tourism marketing strategy implemented by the town for its development. This paper presents the strategy's main coordinates and its main results, and analysis the vectors which led to the town's strategic development, materialized in sustainable competitive advantages.*

*Key words: city, marketing strategy, tourism, strategic objectives, strategic development, competitive advantage*

## **Introduction**

The town is one of the oldest tourism destinations and today it represents a booming tourism sector. Usually, tourists choose the town for its architectural, historical and artistic heritage and for the exceptional cultural creations, but also as a business destination (congresses, exhibitions). In conclusion, the town is a strong, multiple and heterogeneous entity, from which it draws its complexity as a product or tourism destination.

Urban tourism represents one of the main factors of cities' economic growth (Andre, 2003). As services become more and more important, the great patrimonial, cultural and historical wealth of urban areas represents an opportunity in terms of tourism attraction

(involving a high level of quality for both the tourism supply, as well as for the services and infrastructure).

Tourism is a great engine of economic growth, welfare creation and new jobs. In the context of globalization and industrial relocation, the Western Europe's economies rely on urban tourism for obtaining a competitive strategic position.

Defined as an ensemble of city based resources or tourism activities, urban tourism represents a form of multifunctional and complex tourism. Its development is not possible without political will, but also without resorting to three essential actions: marketing, promoting and perceptiveness (Soledad, 1994).

Tourism is important for a city and cities are important for tourism

(Ashworth, 1990). In this respect, tourism development must represent an area of the regeneration efforts of urban areas. Thus, tourism supports a low cost of capital for creating new jobs, for stimulating economic development through powerful multiplier effects, it improves the constructions aesthetic environment of the city's buildings, and it enhances the recreation facilities for residents and visitors (Shaw & Williams, 1994). Also, it offers support in the absence of alternatives for developing a solid economic base: if cities do not compete for the tourists' revenues, then they are likely to be beaten in this global level "fight".

## 1. The town and... Santa Claus

Rovaniemi<sup>i</sup> is the capital of Lapland Province, has a total population of 59.967 inhabitants (at 31<sup>st</sup> of March 2010), it is located at 830 kilometers from Helsinki and is Finland's most northern point that can be reached by train (figure 1). It is a fascinating city, especially because it is known as "Santa Claus' headquarter" or the City of Christmas, which links it to tourism (Regional Council of Lapland). The recent development of this industry has been remarkable. Only in the Rovaniemi region the revenues have risen with more than 45% between 1995 and 2005 (Rintala-Gardin, 2005). In 2002, tourism has generated in Rovaniemi direct revenues of 116 million Euros, of which 20 million just in the Christmas season (Rintala-Gardin, 2005).



**Figure 1. The position of Rovaniemi region in Europe and Finland**

Source: <http://www.rovaniemi.fi>

Named **"Finland's second capital"** (<http://www.rovaniemi.fi>), Rovaniemi is:

- A *business city*, companies operating on the international market in three major directions: export of goods and services, import, international competitions through auctions (Rovaniemi's Internationalization Strategy, "Rovaniemi – An Arctic Meeting Place", p.4). According to

statistics, in 2006 there were 69 companies from Rovaniemi that exported products with a total value of 145 million Euros. Tourism agencies provide a wide range of programs to those that want to visit the city, and the Rovaniemi Tourism&Marketing Ltd Company works with local agencies for international tourism (Lapland Marketing Ltd and Finnish Tourist Board).

- A *city of culture* hosting exhibitions (among the most important are the Christmas Exhibition (<http://www.santaclausvillage.info>) (which assembles traditions from Finland, but also from Austria, Germany, Poland, France, Great Britain, the United States, Japan, Iceland and Spain) and the permanent or temporary exhibitions linked to the World of the Arctic Circle, organized in the Arktikum complex), musical performances, projects of great artistic value (for example, the Polar Art Project (Rovaniemi's Internationalization Strategy, "Rovaniemi – An Arctic Meeting Place", p. 5), which unites graphic artists from Lapland, Finnmark, Archangel). Also, Rovaniemi's museums (The Art Museum, The Ethnographic Museum, The Museum of Forestry, and The Provenance Museum of

Lapland) contribute to the town's prestige.

- An *important university and research center*, the most well known education institution is the Rovaniemi University of Applied Sciences.

- A *city for young people, sport and fitness*, Rovaniemi hosts numerous international events in this field.

- *The city of Santa Claus* (figure 2). Starting from 1985, Santa Claus built his own village located 8 kilometers north of Rovaniemi (<http://www.santaclausvillage.info>).

Today, the settlement includes Santa Claus' Bureau, Santa Claus' Post Office (where he receives correspondence from all over the world) (figure 3). At 2 kilometers from this complex one can find Santa Claus' Park which is visited annually by approximately 50.000 to 60.000 people.



**Figure 2. The logo of Santa Claus' Village**

Source: <http://www.santaclausvillage.info>



**Figure 3. Santa Claus' Village**

Source: <http://www.santaclausvillage.info>

Rovaniemi's identity is also made up of its logo which is linked to the location's specificity (figure 4).



**Figure 4. The logo of Rovaniemi**

Source: <http://www.rovaniemi.fi>

As one can observe from figure 4, the reindeer is part of the town's graphical representation, with many meanings:

- The reindeer is a strong animal, but also gentle;
- In the town there is a big reindeer farm where approximately 215.000 animals find their "home";
- The town's inhabitants say that the waters lay out has a reindeer form;
- Santa's reindeer are famous throughout the whole world because they help him carry all the gifts in the Christmas night.

## **The tourism marketing strategy**

### **2.1 The context of the strategy**

In 1980, the Finnish Ministry for Tourism launched a new strategy for the Lapland region: "Santa Claus' Land". The centerpiece of the marketing plan was Santa's town – Rovaniemi.

At present, the town's strategy envisages three main directions, each of which is having a different slogan:

- Business: "Welcome to Rovaniemi, Lapland's beating heart";

- Santa Claus and the Christmas Holiday: "Santa's land in Lapland";

- Nature and the activities specific for each season: "The City of Eight Seasons": Christmas, Frosty Winter, Crusted Snow, Ice Break-up, MidnightSun, Harvest, Colorful Autumn, First Snowfall.

*The first strategic direction envisages **business tourism**. Rovaniemi is one of the original organizers of conferences (figure 5), which offers to those interested advantageous business packages that transform the events into an unforgettable experience: the Polarium, Aurora and Auditorio Halls of the Arktikum complex (figure 6), the Valtuustosali Hall of the cultural center, the massive Tieva Hall in the Rovaniemi Theater, university halls throughout the city, as well as the luxurious hall at Santa Claus' Hotel, offer to those arriving with business a friendly environment for their activities (the latest technology), but also, it offers relaxation (by detaching from the congestion and the monotony of big cities).*



Figure 5. The „Rovaniemi Congresses” logo



Figure 6. Arktikum Complex, acknowledged for its facilities regarding business meetings and conferences

Regarding *the second strategic direction*, it focuses on the year's end, when Rovaniemi becomes the place where **Santa Claus'** stories come to life. It concentrates on those who have children or those that want to relive the holiday magic right as they were doing when they were little. Thus, in winter time, the emphasis is put on tourism, relaxation and holiday.

In this context, the <http://www.santatelevision.com/> website

was launched to offer visitors access to presentation videos of the town, the surroundings and representative natural elements. Thus, there are special sections dedicated to Arctic animals, as well as to the Northern Lights. The website also presents the events in which Santa takes part, such as the Christmas Eve departure. The town itself is presented in short representative videos (figure 7) that attract visitors from everywhere.

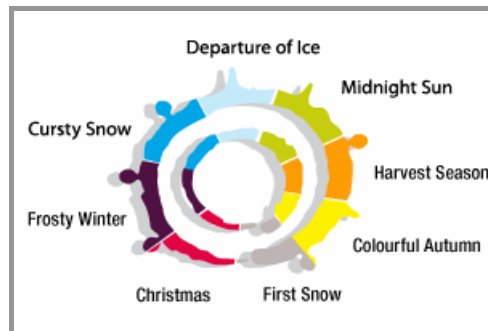


Figure 7. Santa Cluas` Village Commercial

(Source: <http://www.santatelevision.com/santaclaus/en0528/en0528.html>)

The third strategic direction focuses on **nature**. The city is crossed by the Arctic Circle, has a reindeer and husky dogs reservation, it is the place

where you can watch the northern Lights, here there are parks and rich nature reserves, it is the “Town of the eight seasons” (figure 8).



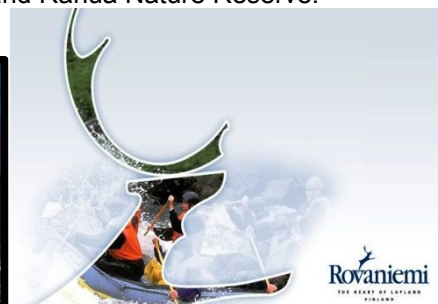
**Figure 8.**The town of the eight seasons

As a conclusion, in Rovaniemi one can speak about winter tourism and summer tourism:

- Winter activities are in such a manner conceived so as the tourists can enjoy Christmas and snow: are organized visits to Santa Claus’ Village, rides with sleds pulled by reindeer and husky dogs, snowmobile competitions, one can ski on the Ounasvaara hill. Many tourists fly to Rovaniemi (that has an international airport) only for a day,

to experience holiday of Jesus Christ’s Advent. To this purpose, the town’s infrastructure has many connections to allow the quickest access to its beauties.

- During the Arctic Summer, the main attraction is the “Midnight Sun” that never sets for a long period of the year (see figure 9). Also, there can be organized tours and river cruises (see figure 9), safaris on bicycles, rafting and climbing, visits to the Aktikum Museum and Ranua Nature Reserve.



**Figure 9.**Posters for promoting the town in the summer season

Source: <http://www.rovaniemi.fi>

Considering these three strategic directions, one can define the most active sectors in Rovaniemi (Grenier, 2007, p. 61):

- Retail (28%)
- Hotels and restaurants (21%)
- Transport and business (17%)
- Travel agencies (16%)

## 2.2. The strategy’s objectives

The objectives of the tourism marketing strategy (Rovaniemi Tourism Strategy, p. 7) set out for the Rovaniemi region for the timeframe 2007-2011-2016, were based on the growth and



development opportunities, and are considering:

- Doubling of tourist volumes within a period of ten years, which relates to an annual objective growth of 7 %;
- The stay of tourists will be extended to an average of six days and the utilization rate will be raised to 60 %;
- New support units will be developed, in order to reduce the dependency on the Christmas season and to make tourism year-round;
- Creation of an extra 300 man-years in tourism by the end of 2010;
- Improvement of feasibility to achieve a 15 % level of return on invested capital by 2011;
- Commercialization of supply and integration of electronic commerce in order to expand direct connections with consumers;
- Development of fluent co-operation between tourism enterprises, between tourism enterprises and their

service enterprises and other service enterprises, and between all of these and the Town;

- Enhancement of the Rovaniemi image to become one of the five best tourism towns in Finland by the year 2011;
- Improving accessibility;
- Research into the image of the region in foreign target segments and specification of development goals based on findings.

The strategy is intended to the further development of:

- *Tourism*, by permanently promoting the emblematic objectives: Santa Claus' Village and Park (figure 10), Ounasvaara, Arktikum, the Ranua Nature Reserve;



**Figure 10. Promotional poster for Santa Claus' Park**

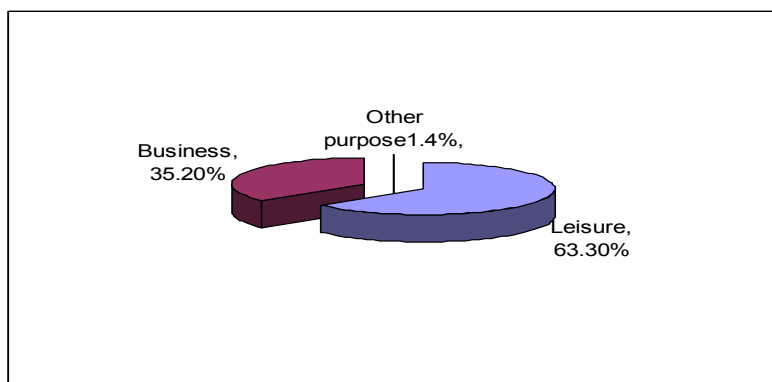
- *Business*, through investment growth (figure 11) that will also generate economic growth (Rovaniemi's

Internationalization Strategy: "Rovaniemi – An Arctic Meeting Place", p.18).



**Figure 11. „Invest in the Arctic” promotional poster**

Thus, according to figure 12, in 2008 35,2% of the town's visitors came for business and 63,3% for relaxation.



**Figure 12. Overnights by purpose of visit (January – December 2008)**

*Source: Tourism Statistics, December 2008, City of Rovaniemi, p.2*

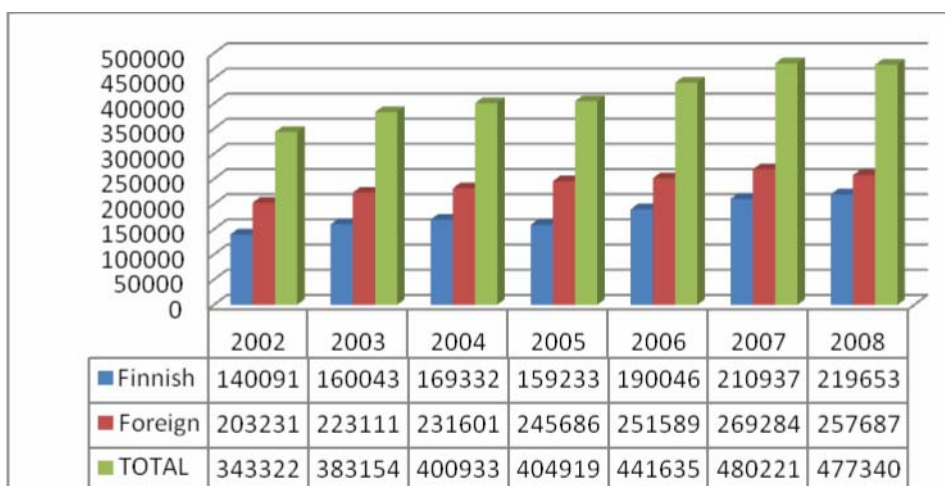
### **2.3. Target groups**

Annually, Rovaniemi is visited by approximately 500.000 tourists. The town's unique location near the Arctic Circle attracts visitors from all over the world.

In 2007 (Tourism Statistics, 2008, p.1), the number of overnight stays in Rovaniemi was of 480.221 – a rise of

8,8% compared to 2006 (see figure 13), percentage divided between domestic stays (+11,8%) and international stays (+6,5%). The biggest number of foreign tourists were British (31.400; +16,3%), Russians (29.600; +22,7%), French (29.100; -11,2%), Germans (25.300; +6,2%) și Spaniards (21.000; +25,0%).



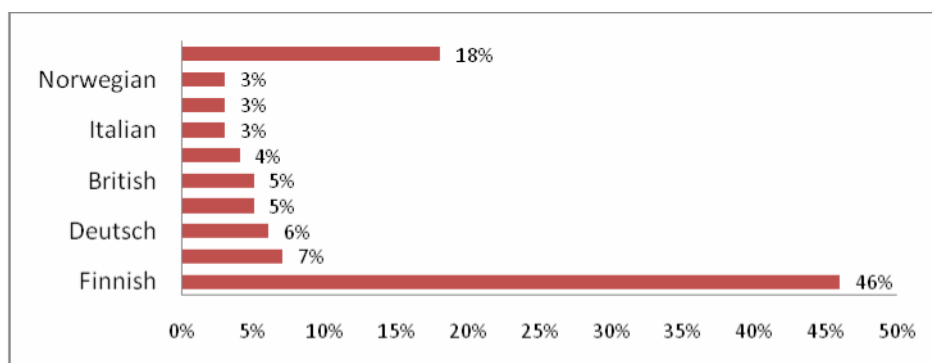


**Figure 13. Registered Overnights in Rovaniemi region 2002 – 2008**

Source: [http://www.visitrovaniemi.fi/In\\_English/Media/Tourism\\_facts.iw3](http://www.visitrovaniemi.fi/In_English/Media/Tourism_facts.iw3)

In 2008 (Tourism Statistics, 2008, p.1), the Rovaniemi region was visited by 477.340 people (a fall from 2007), of which 54% (219.653) were foreign tourists (a fall of 4,3% from 2007) (see figure 13). Of these, 32.400 were Russians (a rise of 9,2% compared to

2007), followed by Germans (28.300; +11,4%), French (24.000; -18,5%) British (23.200; -26,2%), Spaniards, Italians, Dutch and Norwegians (see figure 14). Nevertheless, a rise in domestic stays was recorded, as is apparent from figure 13.

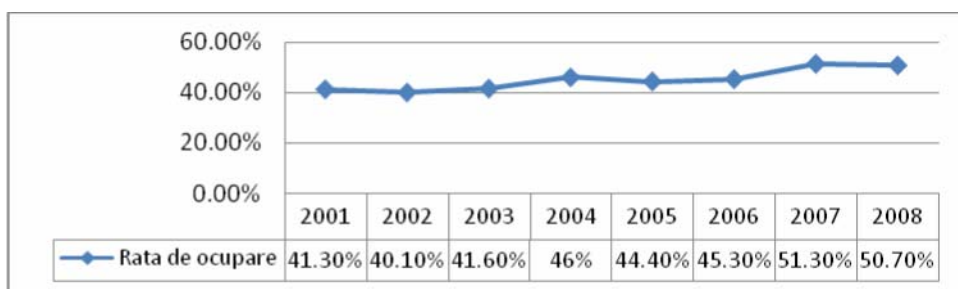


**Figure 14. Registered Overnights in Rovaniemi region 2008/Nationalities**

Source: [http://www.visitrovaniemi.fi/In\\_English/Media/Tourism\\_facts.iw3](http://www.visitrovaniemi.fi/In_English/Media/Tourism_facts.iw3)

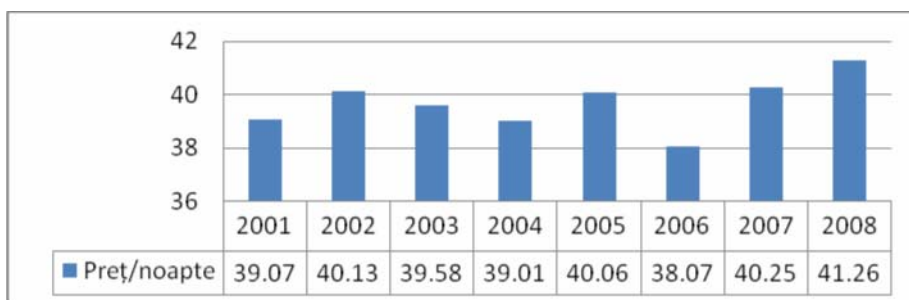
In 2008, the accommodation units in Rovaniemi recorded a 50,7% occupancy (given that the price per night has risen with approximately 1

Euro, as one can see in figure 16), and for Lapland a 50,4% occupancy (see figure 15).



**Figure 15. Room occupancy rate (%) in accommodation establishments in Rovaniemi**

*Source: Tourism Statistics, December 2008, City of Rovaniemi, p.3*



**Figure 16. Mean price per night (EUR) in accommodation establishments in Rovaniemi**

*(Source: Tourism Statistics, December 2008, City of Rovaniemi, p.3)*

For the Rovaniemi region, the economic importance of tourism has grown with each passing year. In 2007, the direct revenues from tourism totaled 149 million Euros, of which approximately 20-30 million were obtained in the Christmas period (Grenier, 2007, p. 61). In 2007, the number of those employed in the tourism sector was of 1.200 people.

In terms of visitors, Rovaniemi is dominated by two seasons:

- *The winter season* (from early November until after the 7<sup>th</sup> of January – the Russian Orthodox Christmas). This is the most crowded tourism season (over 60% of the town's total number of visitors come in these months, especially in December, as one can also see in figure 17). From the economic point of view, the winter season is the most important. Tourism in the Christmas period grows from year

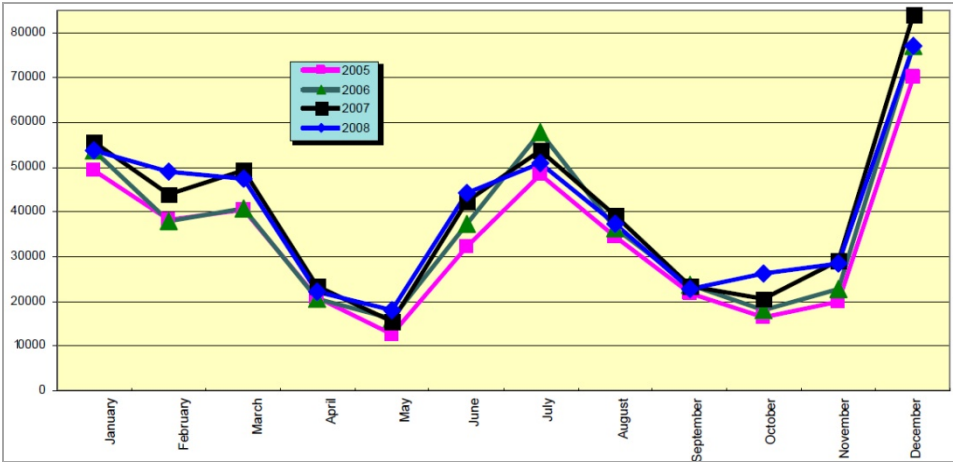
to year. In December 2008, more than 190 external charter flights, national transport operators and express trains have brought in Rovaniemi more than 50.000 tourists. As was already mentioned, the town's biggest attraction is Santa Claus, but tourism development was also based on special holiday events, and on other services organized by authorities (rides with sleds pulled by reindeer and husky dogs, snowmobile competitions, one can ski on the Ounasvaara hill).

- *The summer season* (from early June until the middle of August). In summer time, the town focuses on promoting nature tourism, when many visitors are willing to see the "sun that does not set" for a month (from the 6<sup>th</sup> of June until the 7<sup>th</sup> of July), as well as on business tourism, the city offers amenities for organizing congresses and international conferences, and, in

this way, participants have the chance of escaping the heat of the big cities, but also the daily routine.

Despite all of these, one must say that an important influx of tourists is also

recorded outside the season periods (Grenier, 2007, p.63) (for example, during the spring vacation (February – March) and in September (the season named “Autumn’s Colors”).



**Figure 17.Overnights in Rovaniemi by month**  
*(Source: Tourism Statistics, December 2008, City of Rovaniemi, p.1)*

### **The effects of implementing the marketing tourism strategy**

The financial resources brought by tourism and marketing alone are not sufficient for achieving some of the strategy's objectives. The need for investments is felt especially regarding development projects. The tourism marketing strategy aims at doubling the number of tourists in a ten year period, as well as growing the occupancy rate of Rovaniemi's accommodation units to 60%.

Table 1 presents the growth alternatives, as well as their impact on the region's economy in the 2016

perspective (also see figure 18). Rovaniemi's objective of creating 300 jobs until the end of 2010 involves an annual growth of approximately 6% in the number of tourists. If tourism in Rovaniemi falls by approximately 2% per year, it would mean a major budget deficit and the loss of 220 jobs.

For preventing such events, the town of Rovaniemi is collaborating with the Rovaniemi Agency for Regional Development and the Rovaniemi Tourism and Marketing Agency in implementing all of the projects.

Table 1

## The impact of tourism dynamics on the region's economy

In millions of Euros

Economic Impact 2016	Tourism falls by 2%	Slight growth of 2%	Current growth of 4%	Proposed growth of 7,3%
<i>Direct revenues from tourism</i>	113	186	236	376
<i>Indirect revenues from tourism</i>	30	48	61	98
<b>Total revenues from tourism</b>	<b>143</b>	<b>234</b>	<b>297</b>	<b>474</b>
<i>Impact of wages</i>	47	63	73	86
<i>Impact of tax revenues / municipality</i>	8	10	12	16
<b>Total benefits</b>	<b>198</b>	<b>303</b>	<b>370</b>	<b>560</b>
<i>Change in the number of jobs</i>	-233 jobs	+255 jobs	+550 jobs	+1.000 jobs

Source: Rovaniemi Tourism Strategy, Rovaniemi Tourist Information

Based more on revenues from tourism, the strategies focus on the services and products offered in this purpose. With a well set network of services and roads, authorities aim at prolonging the time spent by tourists in the region. Thus, in the context of the world economic crisis, has been taken the decision of investing in the quality of the products and services offered on the market, eliminating possible risks that

could have occurred in the case of starting original projects. In this respect, Rovaniemi attracted European funds for the 2007-2013 period, invested either in the sector of social security and health (for ensuring that the employees from this little town have the best conditions, thus also raising productivity), whether in promoting the town's three dimensions (Christmas, nature and business).

Direct revenues from tourism	376 mil Euros
Indirect revenues from tourism	98 mil Euros
<b>TOTAL REVENUES FROM TOURISM</b>	<b>474 mil Euros</b>
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Impact of wages	86 mil Euros
Impact of tax revenues	16 mil Euros
<b>TOTAL BENEFITS</b>	<b>approximately 560 mil Euros</b>
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Figure 18. The impact of tourism on the region's economy from the year 2016 perspective<sup>16</sup>

Source: Rovaniemi Tourism Strategy, Rovaniemi Tourist Information

## Conclusions

Rovaniemi's importance is given by tourism, education and research, exports, an active tertiary sector, as well as by the activities conducted by the public organizations.

A holiday in Rovaniemi is an interesting combination of safari adventures (where one can meet moose, bears, wolfs) and nature. Every season the town changes its appearance: the light, the temperatures and the natural phenomenon's specific for the region differ from one season to another. Starting from the month of July, people come to Rovaniemi for the "Midnight Sun", for the summer parties and for the safari. In the cold season you can enjoy the ski slopes and amenities provided by the authorities, the fairy tale landscapes with forests and frozen lakes, but especially the Christmas Holiday.

Activities specific to the town involve a lot of international contacts in the public, private and tertiary sectors. Thus, one can say that Rovaniemi is an international town compared to many other towns similar in size. The peripheral geographical location of the Rovaniemi region, away from the

world's developed centers, becomes constantly a lesser issue because of the new technologies. Thus, the town attracts developed businesses regardless of the companies' headquarters. The town's specificity generates more and more its internationalization. The international activity does not represent a value of the town, but it determines a development potential. It is a premise for the region's development and economic growth, reducing the prejudices and improving the way in which people see change. But, with a rather small population, an accessible location and a particular feeling, the city must confront itself with certain challenges in order to attract new residents, tourists and investors that will not change significantly the area's specific.

The first results of the tourism marketing strategy show that the vectors used have led up to the town's strategic development and to obtaining some competitive advantages, effectively combining tradition's values with the current dynamic means of promoting.

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<sup>i</sup> The word "Rovaniemi" has been considered to be of Lapp origin, from the Saami "roavve" that stands for old, burnt forest. In the dialect spoken in South Lapland, "rova" means a pile of hot stones or a hot stove pipe.